

PAGE PETROLEUM LTD.

Suite 402, 330 - 9th Avenue S.W.

CALGARY 2, Alberta

**NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 28, 1972**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Page Petroleum Ltd. will be held at the Oval Room, Palliser Hotel, 133 - 9th Avenue S.W., in the City of Calgary, Alberta, at the hour of 10:30 a.m., Mountain Standard Time, April 28, 1972, for the following purposes:

1. To approve the Annual Report of the Directors to the Shareholders and the Financial Statements for the year ended December 31, 1971;
2. To elect Directors for the ensuing year;
3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
4. To transact such other business as may properly be brought before the meeting.

DATED at Calgary, Alberta, this 27th day of March, A.D. 1972.

BY ORDER OF THE BOARD OF DIRECTORS

BRIAN G. McCOMBE,
Secretary.

IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, please complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose.



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Page1565_0000

PAGE PETROLEUM LTD.

402, 330 - 9th Avenue S.W.

Calgary 2, Alberta

INFORMATION CIRCULAR

PURPOSE OF SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of Page Petroleum Ltd. (the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held on Friday, the 28th day of April, 1972, at the hour of 10:30 o'clock in the forenoon (Mountain Standard Time), and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by regular employees of the Company. The cost of any such solicitation will be borne by the Company.

REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy by either executing a proxy bearing a later date or by executing a valid notice of revocation and delivering same to the Secretary of the Company. In addition, a proxy may be revoked by the Shareholder personally attending at the meeting and voting his shares.

DESIGNATION OF PERSONS OTHER THAN THOSE SET FORTH IN THE INSTRUMENT OF PROXY

A Shareholder has the right to designate a person (who need not be a shareholder of the Company) other than Messrs. Clark and Gould, the management designees, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, delivering the resulting instrument of proxy to the Secretary of the Company prior to any matter upon which a vote has not already been cast pursuant to the authority conferred by the instrument of proxy.

VOTING OF PROXIES

All shares represented at the meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the shares represented by the proxy will be voted in accordance with such specification. IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT THEREON. THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR THE COMPANY IS NOT AWARE OF ANY AMENDMENTS TO, VARIATIONS OF, OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The holders of common shares of record at the time of the meeting are entitled to vote such shares at the meeting on the basis of one vote for each share held, there being only one class of shares. 1,267,557 shares of the Company's 5,000,000 authorized shares are issued and outstanding at the date hereof.

To the knowledge of the Directors and Senior Officers of the Company, the following persons beneficially own, directly or indirectly, equity shares carrying more than 10% of the voting rights of the outstanding equity shares of the Company:

Lawton L. Clark, the President of the Company presently owns 255,917 shares of the Company and in addition Fairlane Resources Ltd., a private Alberta Company, the sole beneficial shareholder of which is Mr. Lawton L. Clark, also owns 5,600 shares of the Company. In total therefore, Mr. Lawton L. Clark presently owns directly and indirectly 261,517 shares which represents 20.6% of the issued shares of the Company.

PAGE PETROLEUM LTD.

402, 330 - 9th Avenue S.W.

Calgary 2, Alberta

INFORMATION CIRCULAR

PURPOSE OF SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of Page Petroleum Ltd. (the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held on Friday, the 28th day of April, 1972, at the hour of 10:30 o'clock in the forenoon (Mountain Standard Time), and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by regular employees of the Company. The cost of any such solicitation will be borne by the Company.

REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy by either executing a proxy bearing a later date or by executing a valid notice of revocation and delivering same to the Secretary of the Company. In addition, a proxy may be revoked by the Shareholder personally attending at the meeting and voting his shares.

DESIGNATION OF PERSONS OTHER THAN THOSE SET FORTH IN THE INSTRUMENT OF PROXY

A Shareholder has the right to designate a person (who need not be a shareholder of the Company) other than Messrs. Clark and Gould, the management designees, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, delivering the resulting instrument of proxy to the Secretary of the Company prior to any matter upon which a vote has not already been cast pursuant to the authority conferred by the instrument of proxy.

VOTING OF PROXIES

All shares represented at the meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the shares represented by the proxy will be voted in accordance with such specification. IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT THEREON. THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR THE COMPANY IS NOT AWARE OF ANY AMENDMENTS TO, VARIATIONS OF, OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The holders of common shares of record at the time of the meeting are entitled to vote such shares at the meeting on the basis of one vote for each share held, there being only one class of shares. 1,267,557 shares of the Company's 5,000,000 authorized shares are issued and outstanding at the date hereof.

To the knowledge of the Directors and Senior Officers of the Company, the following persons beneficially own, directly or indirectly, equity shares carrying more than 10% of the voting rights of the outstanding equity shares of the Company:

Lawton L. Clark, the President of the Company presently owns 255,917 shares of the Company and in addition Fairlane Resources Ltd., a private Alberta Company, the sole beneficial shareholder of which is Mr. Lawton L. Clark, also owns 5,600 shares of the Company. In total therefore, Mr. Lawton L. Clark presently owns directly and indirectly 261,517 shares which represents 20.6% of the issued shares of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's Directors the only matters to be laid before the meeting are those matters set forth in the accompanying Notice of Meeting relating to the approval of the Annual Report and the financial statements, the election of Directors and the appointment of auditors. It is the intention of the management designees, if named as proxy, to vote for the approval of all of the foregoing.

ELECTION OF DIRECTORS

The affairs of the Company are managed by a Board of four Directors (the Articles of Association of the Company provide that there shall be not less than three or more than nine Directors), who are elected annually at each Annual General Meeting of Shareholders to hold office until the next Annual General Meeting of Shareholders and until their successors are elected. The following table sets out the name of each of the persons proposed to be nominated for election as a Director; his principal occupation at present and during the preceding five years; all positions and offices in the Company held by him; the year in which he was first elected a Director; and the approximate number of shares of the Company that he has advised are beneficially owned by him, directly or indirectly, as of the date hereof. Each of such persons now is a Director and has served continuously in that capacity since his election.

<u>Nominee as Director</u>	<u>Principal Occupation for Past Five Years</u>	<u>Director Since</u>	<u>Shares Beneficially Owned</u>
Lawton L. Clark	Presently the President and a Director of the Company and in addition from July, 1969 up to the present time he has been an independent oil operator in Western Canada and President of Fairlane Resources Ltd., a private Alberta corporation. From July, 1957 to July, 1969 he was a Vice President and a Director of Mesa Petroleum Co., and its predecessor companies in Amarillo, Texas, for eight years and in Calgary, Alberta for four years.	August 13, 1971 (See Note 1)	261,517 (See Note 2)
C. Derek Gould	Presently is the Vice President and a Director of the Company. From September, 1968 to January, 1970 Mr. Gould was a Consulting Geologist. From 1963 to 1968 Mr. Gould was a Vice President and a fifty percent owner of Houston Oils Ltd., then a private Company, located in Calgary, Alberta.	August 13, 1971 (See Note 1)	45,750
Harold E. Hunt	Presently a Director of the Company and since September 1, 1968, he has been the manager of Dale & Company Ltd., insurance brokers, and for three years prior to September 1, 1968 he was the President of a private company known as H. E. Hunt & Co. Ltd., insurance broker.	August 13, 1971 (See Note 1)	1,035
Brian G. McCombe	Presently the Secretary and a Director of the Company and is also a Partner with McLaws & Company, Barristers and Solicitors, and prior to that was a Partner with one of the predecessor firms, Prothro, Gibbs, McCruden, Hilland & McCombe.	August 13, 1971 (See Note 1)	2,285 (1,000 of such shares being held by the Canada Trust Company, the trustee under a registered retirement plan)

Note 1: The Company was created by a statutory amalgamation pursuant to the provisions of the Companies Act of the Province of Alberta, such amalgamation being effective August 13, 1971. All of

the directors were also directors of both Canadian Fortune Oil Ltd. and Berkley Oil and Gas Ltd., the predecessor companies to Page Petroleum Ltd.

Note 2: Full details of the shareholdings of Mr. Lawton L. Clark are set forth under the heading "Voting Shares & Principal Holders Thereof."

REMUNERATION OF MANAGEMENT AND MANAGEMENT CONTRACTS

In view of the fact that the Company was formed by an amalgamation between Canadian Fortune Oil Ltd. and Berkley Oil and Gas Ltd., effective August 13, 1971, and the fiscal year end for the Company is December 31 in contrast to Canadian Fortune Oil Ltd.'s former fiscal year end of March 31 and Berkley Oil and Gas Ltd.'s former fiscal year end of September 30 the following noted information, for the purposes of clarity is set forth for the period January 1, 1971 up to December 31, 1971 (herein referred to as "the last completed fiscal year end").

The senior officers and directors received remuneration aggregating \$73,602 during the last completed fiscal year.

Other than as set forth above, no remuneration was paid by the Company during the last completed financial year nor was any proposed remuneration to be paid in the future to its Directors or senior officers for such last completed financial year.

The Company does not have any pension or retirement plan.

No director or senior officer was indebted to the Company since the beginning of the last completed financial year of the Company.

A share option for senior officers of the Company set forth in Table I (Mr. Lawton L. Clark, the President of the Company, does not have any share options) was granted during the last fiscal year of the Company (no part of such option being exercised as of the date hereof).

The share options set forth in Table II were exercised during the last fiscal year of the Company.

TABLE I

<u>Total Number of Shares</u>	<u>Option Exercise Price</u>	<u>Formal Date of Agreements</u>	<u>Date of Expiry</u>
12,500	\$1.62 for first year \$2.12 for second year \$2.62 for third year (See Notes 1 & 2)	August 19, 1971	August 19, 1974

TABLE II

<u>Total No. of Shares Purchased</u>	<u>Purchase Price</u>	<u>Date of Exercise</u>
39,999 (See Note 2)	90¢ per share (See Notes 1 & 2)	May 18, 1971

A true copy of each of the foregoing share options is on file with The Toronto Stock Exchange. Brief details of same are as follows:

- (a) Options are exercisable over a three year period.
- (b) The rights of exercise are cumulative if same have not been previously exercised in full for the preceding year, however, the exercise price for such subsequent period is the price set forth above for such period.
- (c) With the exception of the cumulative features only 33 1/3% of the option shares may be purchased in any one year.
- (d) The options are only exercisable during the employment period by the Company or an affiliate or within sixty days thereafter; provided same has not previously expired.
- (e) Subject to prior expiry the options may be exercised during the life of the employee and for six months after his death by his personal representative.

Note 1: The Company was formed by a Statutory Amalgamation, effective August 13, 1971. The formal date for the share option referred to in Table I is August 19, 1971.

The shares of the Company were not trading at this date; however, the shares of Berkley Oil and Gas Ltd. traded at a low of \$0.95 and a high of \$1.15 for the thirty-day period preceding the date of the option agreement.

In regard to Table II the shares of Berkley Oil and Gas Ltd. for the thirty day period preceding the date of exercise of the options traded at a low of \$1.05 and a high of \$1.15.

Note 2: The share options which were exercised relate to share options granted by Berkley Oil and Gas Ltd. one of the predecessor companies, effective May 14, 1970. Pursuant to the terms of the amalgamation two shares of Berkley Oil and Gas Ltd. were required for one share of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The management of the Company is not aware of any material interest, direct or indirect, of any Director or senior officer of the Company, any proposed nominee for election as Director of the Company, or any associate or affiliate of any such person in any transaction which was commenced under the last completed financial year of the Company or in any proposed transaction which in either case has materially affected or will materially affect the Company or any of its subsidiaries, other than as set forth in this present Information Circular.

APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the re-appointment of Collins Love Eddis Valiquette & Barrow as auditors of the Company to hold office until the next Annual General Meeting of the Shareholders. Collins Love Eddis Valiquette & Barrow have been auditors of the Company since its inception (August 13, 1971) by the amalgamation of Canadian Fortune Oil Ltd. and Berkley Oil and Gas Ltd. The auditors of Berkley Oil and Gas Ltd. were Thorne, Gunn, Helliwell & Christenson and the auditors of Canadian Fortune Oil Ltd. were Price, Waterhouse & Company, both of such auditors for the predecessor companies being auditors for more than five years.

DATED at Calgary, Alberta, this 27th day of March, A.D. 1972.

BY ORDER OF THE BOARD

Brian G. McCombe

Secretary

AR30

an initial report to the shareholders



PAGE PETROLEUM LTD.

Note 1: The Company was formed by a Statutory Amalgamation, effective August 13, 1971. The formal date for the share option referred to in Table I is August 19, 1971.

The shares of the Company were not trading at this date; however, the shares of Berkley Oil and Gas Ltd. traded at a low of \$0.95 and a high of \$1.15 for the thirty-day period preceding the date of the option agreement.

In regard to Table II the shares of Berkley Oil and Gas Ltd. for the thirty day period preceding the date of exercise of the options traded at a low of \$1.05 and a high of \$1.15.

Note 2: The share options which were exercised relate to share options granted by Berkley Oil and Gas Ltd. one of the predecessor companies, effective May 14, 1970. Pursuant to the terms of the amalgamation two shares of Berkley Oil and Gas Ltd. were required for one share of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The management of the Company is not aware of any material interest, direct or indirect, of any Director or senior officer of the Company, any proposed nominee for election as Director of the Company, or any associate or affiliate of any such person in any transaction which was commenced under the last completed financial year of the Company or in any proposed transaction which in either case has materially affected or will materially affect the Company or any of its subsidiaries, other than as set forth in this present Information Circular.

APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the re-appointment of Collins Love Eddis Valiquette & Barrow as auditors of the Company to hold office until the next Annual General Meeting of the Shareholders. Collins Love Eddis Valiquette & Barrow have been auditors of the Company since its inception (August 13, 1971) by the amalgamation of Canadian Fortune Oil Ltd. and Berkley Oil and Gas Ltd. The auditors of Berkley Oil and Gas Ltd. were Thorne, Gunn, Helliwell & Christenson and the auditors of Canadian Fortune Oil Ltd. were Price, Waterhouse & Company, both of such auditors for the predecessor companies being auditors for more than five years.

DATED at Calgary, Alberta, this 27th day of March, A.D. 1972.

BY ORDER OF THE BOARD

Brian G. McCombe
Secretary

AR30

an initial report to the shareholders



PAGE PETROLEUM LTD.



PAGE PETROLEUM LTD.

Incorporated under the Laws of Alberta

CAPITALIZATION

Authorized 5,000,000 shares No Par Value
Issued Capital — 1,267,557 shares

REGISTERED OFFICE

Suite 402, 330 9th Avenue, S.W., Calgary 2, Alberta

DIRECTORS

Lawton L. Clark, Amarillo, Texas
C. Derek Gould, Calgary, Alberta
Harold E. Hunt, Calgary, Alberta
Brian G. McCombe, Calgary, Alberta

OFFICERS

Lawton L. Clark, President
C. Derek Gould, Vice President
Brian G. McCombe, Secretary
Florence M. Pickering, Assistant Secretary

TRANSFER AGENT AND REGISTRAR

The Canada Trust Company
528 - 8th Avenue, S.W., Calgary 2, Alberta

AUDITORS

Collins, Love, Eddis, Valiquette & Barrow
Second Floor Pacific 66 Plaza
700 - 6th Avenue, S.W., Calgary 1, Alberta

LEGAL COUNSEL

McLaws & Company
Sixth Floor 407 - 8th Avenue, S.W., Calgary 2, Alberta

BANKING

Canadian Imperial Bank of Commerce
309 - 8th Avenue, S.W., Calgary 2, Alberta

AN INITIAL REPORT TO THE SHAREHOLDERS

We are pleased to present this report, the first for Page Petroleum Ltd. The Company is the result of the amalgamation on August 13, 1971, of Berkley Oil and Gas Ltd. and Canadian Fortune Oil Ltd. Throughout this report the combined operations of Berkley and Canadian Fortune will be referred to as the 'Company'.

Financial

Included in this report is the consolidated balance sheet of Page Petroleum Ltd. and subsidiary company as of July 31, 1971, and the consolidated statement of income and deficit for the four months prior to July 31, 1971. Gross revenues for the four-month period were \$97,398 while net income was \$6,060.

Current net income to the Company from oil and gas production is approximately \$200,000 annually. Due in large part to projected production increases at Mitsue, it is estimated by consulting engineers that the same reserves will be producing net income at the rate of \$250,000 per year by 1980.

The Company's fiscal year will coincide with the calendar year so a further report will be issued in early 1972 for the period July 31, 1971 to December 31, 1971.

Oil and Gas Reserves

The Company's net oil and gas reserves on August 1, 1971, as determined by consulting engineers were as follows:

Oil Reserves:

Proven	1,600,741 barrels
Probable	244,263 barrels
Total:.....	1,845,004 barrels

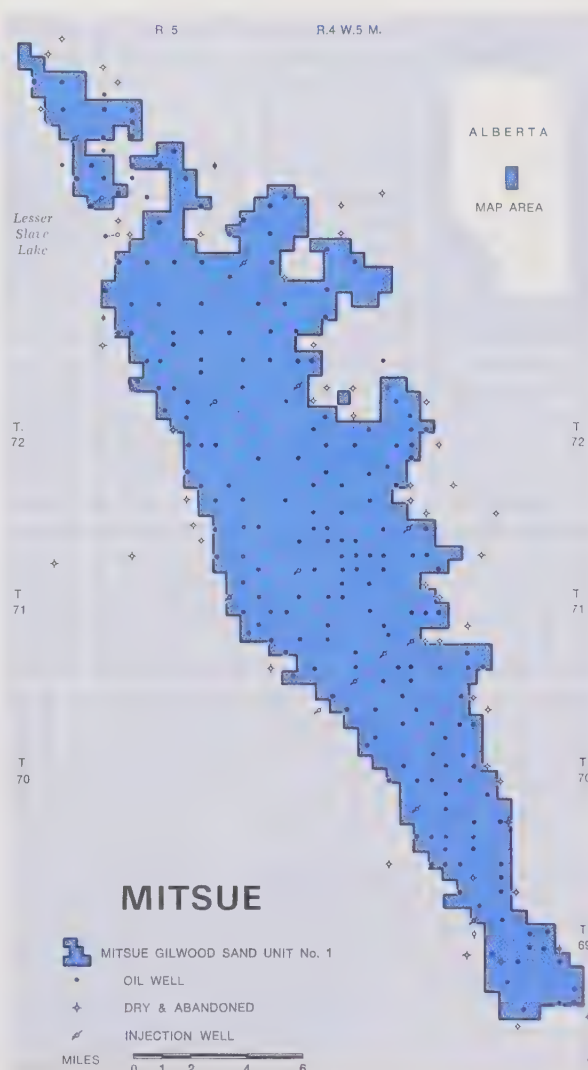
Gas Reserves:

Proven	25 MMcf
--------------	---------

Land

On August 1, 1971, the Company had an interest in 3,400,581.25 gross acres which are summarized as follows:

Working Interest	
Lands (Gross):	2,403,301.25 acres
Working Interest	
Lands (Net):	541,488.67 acres
Overriding Royalty	
Lands (Gross):	997,280.00 acres



Exploration

During the four-month period ending July 31, 1971, your Company participated in the drilling of five exploratory wells, all of which were unsuccessful. In addition, two wells were drilled by others on lands in which the Company owned royalty or lease interests. One was completed as a gas well and one was abandoned.

An active exploration program is contemplated for the latter part of the year. Projected wells include exploratory ventures in the Narrows — West Nipisi area of Alberta and at Gull Lake in southwestern Saskatchewan.

Canadian Arctic Islands

The tempo of exploration in the Canadian Arctic has increased remarkably over the past year. With the vast sums committed for exploration and development in the future, it can be expected that a very high level of activity will continue for some time.

Page owns an undivided 15% interest in 1,362,571 acres of permits in the Canadian Arctic. The bulk of the permits are located on Axel Heiberg, Devon and Russel Islands with a small overriding royalty under 903,000 acres of permits on Banks Island.



The increased exploration has resulted in some success, notably on King Christian and Melville Islands. It should be noted that Page has an interest in 105,000 acres of permits which are located as close as ten miles to the Sun Panarctic Russel H-92, a well to be commenced late this year.

United Kingdom

By virtue of its holdings in Berkley Petroleum (U.K.) Limited, Page owns 218,806 net acres of Petroleum Production Licences in

Southern England. A seismic survey has been commenced on a portion of the above lands to pick a drilling location for a deep test. Negotiations are underway to arrange outside financing to cover the exploration and drilling costs. Several seismic programs by neighbouring licence holders are planned or are underway. Plans to drill deep test wells have been announced on nearby licences. During coal exploration drilling the Geological Survey encountered a substantial flow of natural gas just to the north of our holdings.

The Company is participating in two bidding consortiums on blocks in U.K. continental shelf waters. The awarding of production licences to the successful applicants is expected soon.

SOUTHERN ENGLAND



Alaska

The Company's main land holdings in Alaska consist of a 12½% interest in pending Federal lease applications. These leases will not be issued until the claims of the Alaskan Native Peoples have been settled. The applications are located in several interesting geological basins.

Europe

In the Italian Adriatic the Company has a 0.75% overriding royalty in two production permits. Seismic surveys have been completed on these permits. Two gas discoveries have been made in the vicinity.

Outlook

We look forward to the future. Growing energy shortages in North America cannot fail to bring about continued price increases for both oil and gas. Opportunities abound in western Canada and your Company is in a position to substantially increase its reserves over the coming years.

On behalf of the Board of Directors I would like to express our appreciation to our employees and to thank our shareholders, both old and new, for their support.

Lawton L. Clark

Lawton L. Clark
President

ALASKA

○ Areas in which Page Petroleum Ltd. has lease applications

50 0 100 200
MILES



ADRIATIC

■ Company overriding royalty interests

○ Location or drilling well * Gas well + Dry hole

5 0 5 10 20
MILES





PAGE PETROLEUM LTD. AND SUBSIDIARY COMPANY

Consolidated Statement of Income and Deficit

Four months ended July 31, 1971

	Berkley Oil and Gas Ltd.	Canadian Fortune Oil Ltd.	Elimination	Combined
Income				
Oil and gas sales	\$ 48,378	\$ 36,934	\$	\$ 85,312
Royalties	2,046	304		2,350
Administration and management fees	19,736	—	(10,000)	9,736
	<u>70,160</u>	<u>37,238</u>		<u>97,398</u>
Expenses				
Production costs	8,134	2,083		10,217
Lease rentals	1,609	—		1,609
General and administrative	22,109	10,914	(10,000)	23,023
	<u>31,852</u>	<u>12,997</u>		<u>34,849</u>
Income before the following	<u>38,308</u>	<u>24,241</u>		<u>62,549</u>
Other				
Investment income	(407)	493		86
Unrealized loss on investments	(1,220)	—		(1,220)
Reorganization and listing costs	(30,329)	(5,618)		(35,947)
	<u>(31,956)</u>	<u>(5,125)</u>		<u>(37,081)</u>
Income before depletion and depreciation	<u>6,352</u>	<u>19,116</u>		<u>25,468</u>
Depletion	4,439	5,942		10,381
Depreciation	7,358	1,669		9,027
	<u>11,797</u>	<u>7,611</u>		<u>19,408</u>
Net income (loss)	<u>(5,445)</u>	<u>11,505</u>		<u>6,060</u>
Retained earnings (deficit), March 31, 1971				
as previously reported	241,840	(326,269)		(84,429)
Add: Adjustment to prior periods income	<u>2,979</u>	<u>—</u>		<u>2,979</u>
Retained earnings (deficit) March 31, 1971				
as restated	<u>244,819</u>	<u>(326,269)</u>		<u>(81,450)</u>
Retained earnings (deficit), July 31, 1971	<u>\$239,374</u>	<u>\$(314,764)</u>		<u>\$(75,390)</u>



PAGE PETROLEUM LTD. AND SUBSIDIARY COMPANY

Consolidated Balance Sheet July 31, 1971

ASSETS

Current

Cash and short term deposits	\$ 71,378
Marketable securities, at quoted market price (cost \$35,329)	24,110
Accounts receivable	152,519
Prepaid expenses	3,815
	<u>251,822</u>

Drilling and exploration deposits	<u>53,220</u>
-----------------------------------	---------------

Investments, at cost

Investment in limited partnership (Note 4)	19,506
Advances to affiliated company	7,965
	<u>27,471</u>

Capital assets, at cost

Property and equipment (Note 5)	1,251,109
Less: Accumulated depletion and depreciation	268,452
	<u>982,657</u>

LAWTON L. CLARK, Director

C. D. GOULD, Director

\$1,315,170

LIABILITIES

Current

Accounts payable	\$ 131,535
Current portion of long-term debt	12,000
	<u>143,535</u>

Long-term

Bank loan, secured (Note 6)	58,742
Less: Principal portion due currently	12,000
	<u>46,742</u>

SHAREHOLDERS' EQUITY

Share capital

Authorized
5,000,000 shares without par value

Issued

1,267,557 shares 949,972

Contributed surplus 250,311

Deficit (75,390)

1,124,893

\$1,315,170



Notes to Consolidated Financial Statements

July 31, 1971

1. Amalgamation

On August 13, 1971, Berkley Oil and Gas Ltd. and Canadian Fortune Oil Ltd. amalgamated under Section 156 of The Companies Act (Alberta) to form the continuing company, Page Petroleum Ltd. The terms of the amalgamation agreement provided that each of the issued and outstanding shares of Berkley Oil and Gas Ltd. (whether free or escrowed shares) would be converted into one-half of one issued and outstanding share of the amalgamated company and each of the issued and outstanding shares of Canadian Fortune Oil Ltd. would be converted into one-fourteenth of one issued and outstanding share of the amalgamated company. Each of the shares of Berkley Oil and Gas Ltd. reserved for option, when exercised, will be converted to one-half of one share of the amalgamated company.

The amalgamation has been accounted for on the pooling of interests basis. On this basis, the book values of the assets and liabilities of the predecessor companies have been carried forward in the accounts of the amalgamated company, and their stated capital, contributed surplus and retained earnings or deficit have been included in the capital stock, contributed surplus and deficit accounts of the amalgamated company. Intercompany holdings of the predecessor companies were deducted from the capital stock and contributed surplus accounts of the amalgamated company.

2. Principles of Consolidation

The consolidated balance sheet includes the accounts of the predecessor companies (as outlined in Note 1) and C.D. Gould, Geologist, Ltd., a wholly owned subsidiary. The excess of the purchase price of the shares of the subsidiary company over the underlying net book value at the date of acquisition in the amount of \$40,314 has been added to the "Property and Equipment" account. Intercompany accounts and transactions have been eliminated in consolidation.

3. Accounting Principles

The companies follow the full cost method of accounting for oil and gas properties and equipment. Under this method, all costs incurred in the exploration for and development of oil and gas properties are capitalized. These costs are then amortized on the unit of production method based on the companies estimated proven recoverable reserves.

Under current income tax laws costs incurred in the exploration and development of oil and gas are an allowable deduction when determining taxable income. The Canadian Institute of Chartered Accountants recommends accounting for deferred income taxes which arise due to timing differences in accounting for these properties written off for tax purposes. Management feels, however, that this treatment is not appropriate and, in common with accepted practice in the oil and gas industry, has not deferred income taxes on this basis.

At July 31, 1971, approximately \$767,000 of drilling, exploration and lease acquisition costs and \$118,000 of undepreciated capital costs remain to be carried forward and applied against future income.

4. Limited Partnership

The company is the sole general partner of Berkley 71 Company, a limited partnership formed pursuant to the laws of the Province of Alberta, Canada, for the purpose of exploring for oil and gas.

The Limited Partnership Agreement provides that the company, as general partner, is required to pay all of the tangible costs on initial wells and 30% of all other costs incurred.

Income from producing wells and proceeds from the sale of properties will be credited 70% to the limited partners and 30% to the company, as general partner.

Limited partnership investments totalled \$203,688 (\$200,000 U.S.) including an investment of \$20,369 (\$20,000 U.S.) by the company, as a limited partner.

5. Property and Equipment

The following is a summary of the cost of property and equipment and the related accumulated depletion and depreciation as at July 31, 1971.

	Cost of Assets	Accumulated Depletion and Depreciation	Net
Petroleum and natural gas leases and rights, including exploration and development costs thereon	\$1,014,825	\$151,323	\$863,502
Production equipment	210,214	104,940	105,274
Other equipment	26,070	12,189	13,881
	<u>\$1,251,109</u>	<u>\$268,452</u>	<u>\$982,657</u>

6. Bank Loan

The bank loan is secured by a general assignment of accounts receivable, certain specific oil and gas properties and marketable securities and is repayable from proceeds of production.

7. Commitments and Guarantees

The companies are committed for work performance on certain oil and gas exploratory permits in the amount of \$45,009. These commitments are secured by notes issued by the companies and guaranteed by their bankers.

8. Contingent liability

The company is currently appealing a court decision regarding the manner in which Berkley Oil and Gas Ltd. had calculated royalties. If the appeal is unsuccessful, the company will become liable for approximately \$15,000, which amount has not been included in the financial statements.

Auditors' Report

The Shareholders
Page Petroleum Ltd.

We have examined the consolidated balance sheet of Page Petroleum Ltd. and subsidiary company as at July 31, 1971 and the consolidated statement of income and deficit for the four months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at July 31, 1971 and the results of their operations for the four months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

October 8, 1971
Calgary, Alberta

COLLINS, LOVE, EDDIS, VALIQUETTE & BARROW
Chartered Accountants

